DOCUMENT RESUME

ED 384 451 RC 020 103

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TITLE	The Reform of School District Organizational Structure: New York's Experimental Use of a Collaborative Study Process. Revised.
PUB DATE	Aug 94
NOTE	34p.
PUB TYPE	Information Analyses (070) -- Reports - Descriptive (141)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Cooperative Planning; Educational Benefits; Educational Change; Educational Equity (Finance); Educational Policy; *Educational Research; *Efficiency; Elementary Secondary Education; Public Opinion; *School District Reorganization; *School District Size; School District Spending; School Size; *State Departments of Education; *State School District Relationship
IDENTIFIERS	*New York

ABSTRACT

This paper explores the impact of school district organizational structure on the productivity of educational systems and describes the implementation in New York State of a collaborative study process involving school district reorganization. The case for organizing schools or districts into larger units is typically made on either efficiency or equity grounds. The efficiency argument holds that disadvantages of small scale are such that it costs more to produce the same mix of educational opportunities in a small unit compared to a large unit. The equity argument holds that if the small unit chooses to bear these extra costs, taxpayers may be unfairly burdened; or if the small unit offers a more limited or lower quality mix of educational opportunities than would otherwise be the case, an unfair burden can shift to students. On the other hand, research challenging a "larger is better" policy asserts that small schools or small school districts produce valuable educational benefits that more than justify extra costs. Since research results can be found to support either side of this contentious issue, this paper proposes an alternative method for school district reorganization that achieves a balance between opposing views on a case-by-case basis. As an example of this method, New York State is currently involved in a two-phase study focusing on the identification and verification of organizational problems within individual school districts, and the examination of alternative solutions suggested by the state and the school district. The State Department of Education is completing Phase I studies and designing demonstration Phase II studies. It will be important for demonstration sites to be broadly representative of different types of organizational problems and to offer the potential for state-local collaboration that will result in improved educational productivity. Contains 53 references. (LP)

ED 384 451

The Reform of School District Organizational Structure: New York's Experimental Use of a Collaborative Study Process

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February 12, 1994
Revised August 4, 1994

Forthcoming in William J. Fowler, Benjamin Levin, and Herbert Walberg (eds), Organizational Influences on Educational Productivity. Greenwich, CT: JAI Press.

RC020103

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Abstract

This paper explores connections between a complex and controversial area of educational research and the development and implementation of related educational policy. The focus is on research and policy pertaining to the impact of district organizational structure on the productivity of educational systems. The authors advocate infusing elements of collaborative study into reform efforts when the underlying research base is as internally divided as they show is the case for the productivity implications of alternative district organizational structures.
They report a contemporary effort of this sort in New York State. The early results of the New York experiment are encouraging but final conclusions are premature.

I. INTRODUCTION

There is a disquieting tendency for educational research to exist in isolation from the development and implementation of policy. We address elements of this separation herein by exploring a way to strengthen connections between a complex and internally divided area of educational research and the development and implementation of related policy. Our central thesis is that cleavages in a research base pose serious problems for policymakers and contribute to the separateness of research and practice as well as to the level of contention and risk of impasse surrounding the implementation of policy. We conclude that when these conditions hold, policymakers and researchers are well advised to build elements of collaborative inquiry into the development and implementation of reform.

Our chosen area of research and policy is the impcat of school district organizational structure on the productivity of educational systems. This is an attractive candidate for scrutiny because the research base is extensive and sufficiently inconsistent to permit advocates of sometimes diametrically opposed policies to point with satisfaction at supporting research findings.

The chapter begins with a brief description of conceptual issues surrounding both research and policymaking with respect to the productivity implications of alternative school district organizational structures. We turn next to the contemporary debate and draw attention to the competing themes that have emerged in the research base. We then use these emerging and perhaps growing inconsistencies to understand the impasse that seems to have been reached in the often highly contentious policy debate that surrounds school district organizational structure.

The chapter concludes with a description of a collaborative study process that promises to raise the policy debate to a higher and more fruitful plane. We then report on an ongoing effort within New York State to adopt elements of collaborative study into its reform of district organizational policy. Although it is too early to know the results of the New York initiative, we can describe reactions within the field and provide observations about political realities at both the State and local levels.

II. CONCEPTUAL PERSPECTIVES

The case for organizing schools or districts into larger units is typically made on either efficiency or equity grounds. The efficiency argument holds that diseconomies of small scale are such that it costs more to produce the same mix of educational opportunities in a small compared to a large unit. The equity argument takes into account likely behavioral responses of the affected units: If the small unit chooses to bear these extra costs, taxpayers may be unfairly burdened; if, on the other hand, the small unit "finances" the extra costs by offering a more limited or lower quality mix of educational opportunities than would otherwise be the case, an unfair burden can shift to students.

Additional equity concerns arise when large differences in fiscal capacity are geographically linked (Picus and Hertert, 1993). By reorganizing wealthy with poor units, the inequality across schooling units can be reduced. Geographically based differences in the incidence of various racial or ethnic groups can also be addressed through school or district reorganization. An important distinction needs to be drawn between the potential for reorganization to resolve inefficiency and/or inequity and the actual degree to which progress is made. For example, it may be that larger units could operate more efficiently than smaller units. However, it is also quite possible for large units to operate inefficiently, perhaps even more inefficiently than is the case for smaller units.

A similar issue arises with respect to the use of reorganization policy to promote equity. Wealthy and poor (or black and white) regions may be joined in a single administrative unit, but unfair discrimination could continue to exist. The reorganization might simply mask the inequities and could even serve to foster their growth.

III. THE CONTEMPORARY DEBATE

The debate over the best organizational structure for school districts has evolved

considerably over the years. During the early part of the century, reformers succeeded at dramatically reducing the number of separately organized schooling units (Guthrie, 1979; Strang, 1987). More recently, and partly as a byproduct of other reform efforts designed to foster greater autonomy at the school level, doubts have been expressed about the wisdom of blanket efforts by states to increase the size of schools and districts through the conventional merging of existing school units. We examine this debate below by considering the research base as well as the policymaking response.

Condition of the Research Base

A significant split has emerged in the research dealing with school district organizational structure. The early studies on the topic tended to find evidence of significant size related inefficiencies and/or inequities and served as an important basis for the remarkable success reformers have had at reducing the number of schooling units and increasing their average size. Today, studies finding significant small size related inefficiencies and/or inequities can still be found, but they are complemented by studies suggesting that the benefits of larger size are either illusory, elusive, or more modest in magnitude than commonly supposed.

It is interesting to speculate over why this split has emerged. It could be that the case for larger size becomes more problematic as the absolute size of the units increases. In other words, it may be that the success of past reformers at increasing the average size of schooling units makes subsequent reorganization more problematic. Or, it may be that research has become more sophisticated and that researchers are only now able to capture some of the real drawbacks to larger size that always have been present. We will not attempt to resolve this question here. Instead, we provide an overview of the two camps that have evolved.

Studies Supporting Larger Sized Units

As a general rule, research supporting the reorganization of smaller into larger sized schooling units deals with efficiency concerns and involves the attempt to identify diseconomies of small size. There are theoretical reasons for expecting unit costs to be higher in small organizational settings, and economists have made numerous efforts to estimate the magnitude of these additional costs. One of the best known and important studies of this type is Cohn's analysis of Iowa high schools (Cohn, 1968). Other studies include: Bee and Dolton (1985); Duncombe, Miner and Ruggiero (1993); Hough (1981, 1985); Jimenez (1986); Kenny (1983); Kumar (1983); Ratcliffe, Riddle, and Yinger (1990); Riew (1966, 1981, 1986); and Wales (1973), although not all of these studies focus on school district size per se. Riew (1981), for example, used a cost function framework to study the internal configuration of schools within districts and reached the conclusion that significant scale economies could be realized by shifting grades upward so that secondary and middle school units grow in size at the expense of primary schools.

This line of research suggests that small scale diseconomies are real and that it costs more to accomplish the same result in a small setting than in a larger setting, all else equal. Findings of this kind give rise to the idea that there is an optimal school district size below which unnecessary costs are imposed on taxpayers, educational professionals, or students.

However, this line of research also suggests that the optimal size of schooling units has been getting smaller over time. In other words, the earlier the study the larger the recommended ideal size. Compare, for example, the Hanson (1964) study which reports evidence suggesting the optimal school district size is in the neighborhood of 50,000 pupils with the more recent Duncombe, Miner and Ruggiero (1993) study where evidence of small scale diseconomies in New York was found only up to a district enrollment level of 500. Watt (1980) was also unable to demonstrate significant scale economies in his sample of English private schools. He concluded that either his data were not up to the task of revealing the underlying scale economies or that such economies are very quickly exhausted as a school's size grows.

The more recent cost function studies also tend to provide more circumscribed policy recommendations. Duncombe and his colleagues, for example, noted that the conventional reorganization option applies to only a subset of the smaller than 500 pupil districts where they found significant scale diseconomies.

Nevertheless, studies of this kind provide support for a "larger is better" policy stance. The basic character of the argument has not changed, and policymakers seeking research to support further reorganization efforts do not have far to look.
Moreover, there remain many small school districts whose size falls below even today's prevailing minimum size recommendations.

Studies Questioning the Wisdom of Larger Sized Units

Research challenging a "larger is better" policy stance tends to be conducted by non-economists who are most interested in assessing psychological, social psychological, or sociological implications of different sizes. The basic argument is that small organizational units may produce valuable benefits which more than justify whatever extra costs may be involved. Some of these studies show that cognitive outcomes are higher in the smaller units (e.g., Fowler and Walberg, 1991; Friedkin and Necochea 1988; Walberg and Fowler 1987; and Walberg, 1993). Others place emphasis on the social benefits to be had such as greater opportunities to participate in extracurricular activities (Barker and Gump, 1964; Hamilton, 1984). Research has also been conducted on the effects of size on the level of civility within schools. Haller (1992), for example, found that while it is clear that school size is positively related to the incidence of disciplinary problems, it is not clear that further consolidation would occasion substantively important drops in the quality of schools' social environments.

Analysts have also examined the costs associated with conventional reorganization remedies for small size. For example, there have been studies of the

disruption a reorganization can cause in a community (e.g., Monk and Haller, 1986; Peshkin, 1982; Sher and Tompkins, 1977), and there is research suggesting that local schools play key roles in fostering the economic as well as social health of communities (Miller, 1993; Hobbs, 1989).

In addition, there have been studies of the savings realized thanks to school district reorganization (New York State Education Department, 1992; Streifel, Foldsey, and Holman, 1991) as well as school closings (Valencia, 1984). According to these studies, the savings associated with reorganization are at best modest and do not reach the levels promised by advocates of larger size.

Finally, there have been efforts to look more closely at the expected sources of scale economies. Specifically, researchers have paid explicit attention to relationships between school size and curricular offerings on the assumption that greater curricular depth and/or breadth constitute benefits of larger scale (Barker 1985; Haller, Monk, Spotted Bear, Griffith, and Moss, 1990; McKenzie, 1989; Monk, 1987; Monk and Haller, 1993). What is remarkable about this area of research is how quickly the tendency for larger size to translate into enriched curricular offerings diminishes. Monk (1987) found in his New York State data that most of the gains were realized before a high school enrolled 100 students in its graduating class. The same sort of highly attenuated relationship was later confirmed using national data (Monk and Haller, 1993). Based on prevailing practice, Monk and Haller concluded that large high school size cannot be justified on the basis of enhanced curricular offerings for students.

Synthesizing the Research Findings

It is difficult to synthesize the results of this research base. Much of the problem stems from the poorly specified nature of the underlying cost models. Studies vary substantially in both their level of sophistication and how schooling outcomes are conceived. There also has been a failure to appreciate the fact that the ideal size of a school or district may vary dramatically

depending on the mix of educational outcomes being produced. The optimal size for a school whose sole goal is to produce good performance on standardized achievement tests is likely to be very different from that of a school that is seriously committed to educating its students more broadly.

There also remain troubling gaps in the literature. A good example can be found in the attempts to estimate the impact of school size on course offerings. Increased curricular richness for students is just one of many possible benefits of larger size. For example, benefits might take the form of reduced taxpayer burden. Taxpayers play important roles in school district reorganization decisions, and it is unfortunate that more is not known about the degree to which benefits accrue to taxpayers as a result of reorganizations.[1] Unless all of the possible consequences of size are examined, it is not possible to reach definitive conclusions about the net benefits or costs.

The Policy Response

Policymaking regarding school district organizational structure has reached an impasse. States are either accepting the status quo or are experiencing highly contentious and paralyzing debates over the implementation of conventional reorganization reforms. In either case, little change is forthcoming. We have already alluded to Guthrie's (1979) findings regarding the nationwide slowing in the drop of the count of schooling units and the corresponding increase in their average size. Similar trends are well established in many states.

The cases where states have made efforts to overcome this impasse are instructive because they illustrate the potential for contentious debates to develop. North Carolina implemented an abortive plan to mandate consolidations in 1985 (North Carolina Department of Public Instruction, 1986; Sher, 1986). Illinois went through a similar effort (Illinois State Board of Education, 1985).

North Dakota enacted the "School District Boundary Restructuring" law in 1989 which challenged districts to join together voluntarily to plan together and to vote on a reorganization

proposal three years after a period of voluntary collaboration concluded (Hill and Carlson, 1994). The law provided planning grants and incentive payments for cooperating districts. The North Dakota approach represents an interesting combination of "carrot and stick" approaches to district reorganization. The "carrot" encouraged districts to collaborate and study their situation. However, the "stick" was always present, since it was clear from the outset that the planning had to be oriented around reorganization options and that votes were mandatory. Despite the upsurge in planning that took place in the wake of the legislation, very few reorganizations have actually taken place. As of March 1994, only two units were reorganizing and two units were still considering the option (Hill and Carlson, 1994).

Howley (1993) reported recent efforts by the Governor of West Virginia to tie state support for construction projects to a demonstrated willingness to close small schools. DeYoung and Howley (1992) commented on the West Virginia case and provide insight into the source of contention in the debate:

> "West Virginia citizens seeking pedagogical "facts" supporting rural school consolidation are rarely given any by their local school boards or the state department of education. Upon discovering that the experts have few empirical studies to support claimed school improvements for their districts, these same citizens typically express bafflement, then outrage and determination to "act up." At first, to the circumvented citizen, it seems only that the thinking of local school board members has somehow gone awry. As they read the (professional) literature about rural and small schools, however, they come to understand and question "the facts." Then, because they understand that policymaking has ignored "the facts," they get angry and begin to understand the obscure basis of policymaking. They come to understand--as the critical theorists predict--that the domain of the state is contested ground, and that their schools are objects in the contest. This is the point at which they have organized for action." (pg. 85)

Our view is similar. We see more balance in the underlying research base, but it is the very balance and the implicit divisions in the research that foster the conflict in the policy debate. Each side has its favorite studies. Indeed, the same study is sometimes cited by opposing sides. It is abundantly clear that the existing research base is not capable of resolving the matter. An alternative approach is necessary.

It is interesting to speculate about future reform efforts in this area. The pervasiveness of

the impasse that has been reached and the potential for contention suggests that this will be a relatively quiet area of public policy in the near term. However, school district reorganization has a phoenix-like quality as a policy issue. It is as perennial as the grass, and state policymakers seem drawn toward it inextricably. Accordingly, Stern (in press) expects to see a considerable amount of activity in this area in the near term.

There are several possible reasons. Haller and Monk (1988) argue that it is mostly out of habit. Those in key decision making positions today were trained and socialized during the salad days of district reorganization. These officials resonate to the "larger is better" credo and are largely untouched by the more recent naysaying research. The relentless public calls for lower taxes and greater efficiency in education also prompt policymakers to rely on initiatives that worked for them (or that appeared to work for them) in the past.

Second, DeYoung and Howley (1992) as well as Fowler (1992) see the matter in more ideological terms and view it as part of a larger primarily political process where there is interest in amassing power, resources, and prestige at both local and state levels. As Fowler (1992, pg. 16) put it, ". . . there are bureaucratic and personal rewards for vastness: larger budgets; more staff to supervise; higher salaries; greater prestige, larger communities in which to reside; (and) more powerful sports teams with a winning record."

Third, there are any number of technological developments which have the potential for transforming the debate over organizational structure in education. Instructional technologies such as interactive television, fiber optic cable, micro-computer capabilities, and so forth have the potential to radically transform the debate over district organizational structure.

And fourth, there are a number of new proposals for organizational reform that can complement the conventional "all-or-nothing" district merger or consolidation practices. These proposals are emerging from several sources (see, for examples, Center for Government Research, 1993; Monk and Haller, 1986; and Stephens, 1991). A number of these proposals attempt to smooth the transition that takes place during a reorganization; preserve continuity in the governance

structure so that citizens are not disenfranchised; foster decision making autonomy at the local site; and promote sharing and flexibility in meeting students' needs. Many of these proposals are consistent with the broader efforts to encourage what has come to be known as systemic educational reform (O'Day and Smith, 1993).

Thus, there are reasons for expecting continued efforts on the part of policymakers at local as well as state levels to press for the further reorganization of schools and districts. It is much less clear that these efforts will lead to beneficial results. Those opposed to reorganization appear to be better organized and more aware of the research that supports their point of view. The slowing in the pace of reorganizations during the past ten years speaks for itself. Policymakers who pursue conventional reorganization solutions are likely to face considerable antagonism in the near term.

We turn next to a description of an alternative method for reforming district organizational structure. Our central premise is that collaboration through which local as well as State interests can be balanced on a case-by-case basis offers a promising means of breaking the contentious impasse that surrounds so many current efforts to improve the organizational structure of school districts. Our further presumption is that district reorganization in fact offers a means of promoting efficiency as well as equity in educational governance. In other words, we believe the current impasse is regrettable and remediable through the collaborative conduct of further research.

IV. AN ALTERNATIVE APPROACH

We envision a two phase study process.[2] Phase I is focused on the identification and verification of organizational problems within individual school districts. Once the existence of a problem has been established, the process shifts to Phase II where the focus is on the study of alternative solutions. Phase II also contains mechanisms designed to facilitate choice among rival solutions as well as to implement decisions that are reached.

Features of the Design

Phase I

Phase I begins with a State initiated review of currently available indicators of relevant district attributes. The goal is to identify districts with problems that lend themselves to organizational solutions.

Identification of problems. Problems, of course, can take many forms. For illustrative purposes, we shall focus on problems pertaining to the productivity of the district, although Phase I need not be restricted in this way.

We define productivity problems to include situations where any of the following three conditions apply: a) a district is spending more than is necessary to achieve a given result; b) a district is producing the "wrong" mix of results; and c) a district is producing results at the "wrong" level.[3] A major challenge for the State is to find a set of indicators that can identify districts with these productivity problems. The State must also establish benchmarks so that judgments can be made about the rightness or wrongness of the mix and level of the educational outcomes that are observed.

The State needs to recognize from the outset that currently available indicators at best are partial in nature and potentially quite misleading about productivity phenomena within any given district. For this reason, Phase I needs to include a verification step that provides local school officials with a direct means of challenging the State's initial determination that a productivity problem exists.

There are at least three grounds on which local districts can question the State's preliminary determination that a productivity problem exists within a district: (1) the State failed to obtain an accurate reading of the chosen indicators; (2) there are extenuating circumstances that need to be considered; and (3) the indicator fails to measure the relevant phenomena.

These grounds are ranked in ascending order in terms of the degree of burden that is placed on local districts that have been wrongly identified using the State's indicators. It is, for example, relatively easy for a district to provide updated information and thereby demonstrate that using the State's own indicator it ought not to be singled out as a candidate for organizational change.

The claim that extenuating circumstances exist is somewhat more demanding, but not impossible, to support. An identified district might argue, for example, that its poor performance on an indicator stems from any number of other district characteristics and that these other contributing factors need to be taken into account. The district might show that among other comparable districts, its performance on the indicator in question reflects an impressive ability to overcome productivity problems. The challenge, of course, is to identify the relevant comparison group of districts.

Finally, a district can challenge the validity of an indicator by offering countervailing evidence. For example, the State might use a measure of the availability of advanced courses in the secondary school curriculum and single out districts with limited offerings on the assumption that students are being denied important educational opportunities. A district identified for this reason might challenge the finding with more direct evidence about how well its students perform on advanced placement examinations and/or in college and other post graduation experiences.

Viability of organizational solutions. The State must also specify what it means for a problem to "lend itself to an organizational solution." We have found it useful to restrict the meaning of an organizational solution to three types of reform: a) changes in the boundaries drawn among organizations (e.g., districts, schools, or regional service delivery units); b) changes in resource allocation practices that cross existing organizational boundaries (e.g., sharing resources among schools or districts); and c) changes in governance practices (e.g., policies governing the election of representatives to school boards).

It is not possible during Phase I to resolve definitively the question of whether the identified productivity problems lend themselves to these organizational change options. Indeed,

this is one of the purposes of Phase II, where the focus is on the study of solutions to the problems identified and verified in Phase I. Nevertheless, it is important to keep in mind that not all productivity problems can be solved organizationally.

Phase II

In Phase II, the focus shifts from the identification of problems to the study of alternative solutions. Because Phase II studies are focused on policy options, they are similar to evaluation studies. The purpose is to assess the viability of a finite number of proposed solutions to the productivity problems that were identified during Phase I. The proposed solutions may or may not include conventional district reorganization. An important goal of Phase II is to facilitate the search for novel solutions that are sensitive to the unique features of particular school districts.[4]

Identification and Evaluation of Options. As we have emphasized throughout this chapter, it is difficult to conduct objective studies of complex phenomena like school district reorganization where the stakes are high and where it is common to find a legacy of past unsuccessful attempts to implement reforms. Preconceived views are an important part of the landscape and can seriously distort the study effort. Milquetoast declarations of intent to involve many parties in the debate are not likely, in themselves, to solve the difficulty; even forceful statements along these lines are not likely to be adequate. Instead, the very structure of the Phase II studies needs to be designed with an eye toward exposing and offsetting whatever preconceived ideas are brought to the process. We believe that adherence to the following design features will significantly improve the fruitfulness of the Phase II search for solutions.

First, both the local district and the State need to play an active role setting the research agenda for each Phase II study. It might be stipulated that each side can pose no more than two reforms for review. The goal is to give each side the opportunity to participate meaningfully in shaping the study. If each side is directly involved at the outset, the potential for collaboration will be enhanced.

Second, each Phase II study should involve more than one source of expert knowledge about organizational alternatives. It is all too common for school districts studying reorganization to hire a single consultant of some kind. We recommend dividing the Phase II study into separate pieces and stipulating that each piece be handled by a different party. Moreover, each analyst who becomes involved with a Phase II study needs to be asked to provide critical feedback on the other analysts' work. In this way, some progress can be made toward exposing and balancing bias. These internal checks can also help to ensure quality control. Consultants are more likely to take their work seriously if they know at the outset that it will be reviewed by colleagues.

Third, it needs to be made clear that the State is willing to consider departures from current law regarding reorganization options. The goal here is to signal a willingness to consider new approaches. An option should not be excluded from study simply because it is not provided for in current law. Instead, those working on the research agenda for each Phase II study need to be encouraged to think boldly and to be willing to explore new ideas. This introduces a "bottom-up" dimension to reform that is quite compatible with contemporary systemic reform initiatives.

It is worth stressing that these studies represent significant departures from conventional merger studies. They are intended to foster an objective assessment of organizational as well as other solutions within districts where real denials of educational opportunities are taking place or where taxpayers are shouldering unfair burdens. The underlying premise is that unless the prima facie evidence of student or taxpayer inequities can be controverted, the status quo is unacceptable. Phase II studies assess the most promising options for reform and set the stage for the necessary change to occur.

Implementation of reform. Each Phase II study identifies a finite number of proposed solutions to the problems identified (and verified) during Phase I and provides information about the advantages and disadvantages of each. There needs to be a means by which the options can be debated fully and fruitfully. There also needs to be a mechanism that gives rise to closure in the debate about the best course of action.

Local as well as State officials need to participate in this debate. Those who conducted the Phase II studies should also participate. The debate needs to include a forum where those who conducted the inquiry have an opportunity to comment on each other's work. There also need to be opportunities for the public to express its view regarding the various options.

Once the debate takes place, a decision making mechanism needs to be triggered. Recall the overarching presumption that the status quo is unacceptable; some change must be made. Both the State and local officials need to play a part here. We envision three mechanisms that could be used to foster closure in this debate.

1. Establish and rely upon mutual veto rights. Our premise is that both the local district and the State have a legitimate interest in the outcome of the study process and that the best possible solution will be arrived at by giving each side the opportunity to veto what might be acceptable to the other side. In practical terms, this kind of structure could allay local fears about the State imposing a traumatic reorganization; it can also allay the State's fear that only trivial changes will be seriously considered. One drawback is that it will push the decision makers toward a middle-ground kind of solution and could inhibit the exploration of bold, new, and perhaps quite risky but promising solutions.

2. Make use of an outside neutral party. We recognize that mutual veto rights could simply lead (yet again) to impasse: the district(s) and the State could find themselves endlessly vetoing each other's preferred solution. However, this result could be avoided by involving an outside neutral party in the decision making process. The neutral might begin by trying to facilitate an agreement. Should the agreement continue to be elusive, the role could shift toward the conduct of binding arbitration. The availability of a binding arbitration mechanism of some kind (that was put in place at the outset and before the results of the studies are in hand) would affect the entire study process. In principle, the fact that neither side can impose its will on the other and that the final decision may be placed in the hands of an outside and neutral third party provides incentives for both sides to approach the study process responsibly.

Decisions need to be made about how to identify and appoint the neutral party. In some states, like New York, there are regional officials who represent both local and State interests. These officials, either individually or collectively, could make the appointment. Alternatively, the identity of the neutral could be established at the outset of the Phase II study process as part of the research agenda setting process. In this way, the individual could be identified before the results of the Phase II studies are in-hand. The key to success is to appoint well-regarded individuals in whom both sides have confidence. The precise appointing mechanism will need to be sensitive to the particular circumstances of each State.

3. Make changes in the burden of consent. It is common for States to require referenda before a reorganization goes forward. In such cases, the underlying presumption is that the status quo is acceptable and that voters need to take action to make a change. But this is the reverse of the situation facing districts who have conducted Phase II studies. For these districts, it has been established and verified that a problem exists which lends itself to an organizational solution. The status quo is <u>not</u> acceptable. A change needs to take place. Under these circumstances, it could make sense for implementation to consist of two steps: (1) agreement between the State and the locally officials (with or without the help of a neutral party) about what the change will be; and (2) an opportunity for aggrieved citizens to petition for reconsideration. The referendum would only occur if a sufficient number of signatures appeared on a petition, and the vote would be structured so that voting "yes" provided an endorsement for the change that was agreed to by the local officials and representatives of the State.

The requirements for holding a referendum should be non-trivial to avoid nuisance challenges, but should not be so burdensome that voters feel like they have been disenfranchised. It is conceivable that voters will be more willing to accept a change if a) they do not have to step forward and formally declare their support; b) if the study process is open and perceived to have been fairly conducted, c) if voters know that local authorities had the right to veto the State's preferred solution and d) if voters have the right through a referendum to reject the result. The

underlying hope is that by keeping the study process open and the debate of the various options focused on their merits, voters will be willing to leave the selection and implementation of reform in the hands of their elected and appointed officials.

The New York Experience

New York State is in the process of implementing an organizational change study process that is similar to what we described above. It is at a relatively early stage of development. In particular, the New York version of Phase II is still being designed. Nevertheless, there is some progress to report and the balance of the chapter describes the context, the experiences to date, some of the political ramifications, as well as the next steps in the process.

Context

New York is a good example of a State where the debate over district reorganization has reached impasse. New York combines a tradition of vesting considerable organizational autonomy in its constituent districts with steady efforts at the State level to encourage reorganization. In recent years, this encouragement has taken the form of increasingly generous fiscal incentives. Even so, the pace of new reorganizations in New York has slowed substantially in recent years. New York eliminated over 10,000 school districts between 1870 and 1970. Since 1970, only marginal changes have been made. Currently there are slightly more than 700 separately organized school districts in New York (New York State Education Department, 1992).

And yet, as is true elsewhere, it is an issue that will not disappear. In his annual message to the Legislature in January 1992, the Governor raised the efficiency theme:

> "An area where significant savings can be achieved is in the consolidation of school districts. While the number of public school students has consistently declined over the

past 20 years, the number of school districts serving them has remained virtually unchanged." (New York State Education Department, 1992, pg. 1).

Moreover, the Board of Regents, in its State Aid Proposal for 1991-1992, expressed concern over the unequal distribution of wealth within the State and saw school district reorganization as a viable means of "providing an enlarged resource base" to support needed programs (New York State Education Department, 1992, pg. 1).

Early in 1992, the Board of Regents directed the State Education Department to study the possibilities of district reorganization and the sharing of services. A special task force was appointed and made its report in November of 1992. The final report from this task force carries elements of the same inconsistencies that can be found in the underlying research base. In sections, the report urges the Commissioner and the Department to take a strong pro-reorganization stance, even to the point of recommending that the authority of the Commissioner be expanded to include the power to mandate the reorganization of districts. In other sections, the report talks about alternatives to conventional reorganization and recommends that the State make broad policy changes that would permit a wider variety of organizational structures than is permissible under current law.

The State Education Department responded by developing a collaborative study approach. The premise is that collaboration through which local as well as State interests can be balanced on a case-by-case basis offers a promising means of breaking the impasse surrounding recent past efforts to improve the organizational structure of school districts.

Experiences To Date

During November and December of 1992, the Department began a Phase I review of all school districts within the State. The Department worked with a number of trial indicators, and

ultimately decided to base the analysis on the following six district attributes: 1. the lack of K-12 continuity; 2. significant reductions in enrollment (declines of more than 50% since 1970); 3. high levels of overhead expenses (more than 30% of the annual operating budget (excluding debt service) on matters other than instruction; 4. high cost to the State (more than 80% of the district's revenues coming from State sources); 5. high tax effort combined with low wealth (50% poorer than the State average with a local tax rate that is within the top 10% for the State); and 6. inadequate results. The development of criteria for the inadequate results indicator was deferred until completion of work by the State committee reviewing pupil assessment practices.

Each indicator was chosen with the belief that it provided insight into a problem that could exist within a school district. Using these indicators, the Department identified 139 districts for further Phase I review. The list of districts was publicly released in December of 1992.

The Department next began a verification analysis that was designed to provide a more informed judgment about the presence of problems within the identified districts. The verification analysis involved several steps. First, the Department reviewed an additional year of data that became available early in 1993 to verify that in fact the district continued to warrant placement on the list. The review of the updated data dropped the list from 139 to 112 districts.

Second, the identified districts were invited to respond as they saw fit to their placement on the list. This introduced an element of collaboration into the process, although there is no denying that the State's role to this point dominated the process. The Department examined the districts' response and reduced the list of remaining districts from 112 to 81.

New York currently operates a grant program through which districts are funded to conduct self-studies of organizational alternatives with partners. Each of the districts remaining on the list had the option of participating in this program and 13 districts chose to do so.

This left a total of 68 districts for possible involvement in the Phase II studies. These districts are currently being reviewed more intensively using a wider range of district performance indicators. These further efforts to verify the accuracy of the original indicators involves the use of

new data coming from a survey of parents (in the case of the non K-12 districts), student test scores, and student attendance and drop-out records. The districts involved will have additional opportunities to respond to the State's findings. Ultimately, the results of the final Phase I analyses will be made public.

Political Ramifications

State level. The public release of the 139 district list changed the nature of the debate at the State level in several ways. For example, a number of relatively large districts, including a small city district, found themselves on the list.

This result was puzzling to many because the prevailing view is that district reorganization is a rural, small school district issue. The published list was not a list of small, rural school districts, although certainly districts of this type were well represented. Attributes like large percentage enrollment declines, or high cost to the State significantly broadened the list and conveyed the Department's intention to view district reorganization from a new perspective.

The list was also balanced geographically. Every region of the State was represented, including a significant number of Long Island districts. The Long Island districts are significant since they figured prominently in the Governor's call for gains in efficiency. Long Island had been news during this period because of its districts' high average expenditure levels. The list of districts generated by the indicators allowed the Department to respond to the Governor's call for an end to the abuses he perceived on Long Island without having to focus exclusively on Long Island districts. Long Island districts were well represented on the list, but it cannot be said that it was a Long Island list.

The Department encountered a political barrier in its attempt to secure funding for the Phase II studies. Recall the grant program that permits districts to conduct self-studies of reorganization options with partner districts. The Department sought without success to draw on these funds to

support its Phase II studies. Local districts enjoy the autonomy this grant program affords, and are reluctant to surrender it to the State. Promises that the Phase II studies would be truly collaborative appear not to have been persuasive.

Local level. The reactions of districts that were placed on the list were highly varied. Some of the districts responded positively. They expressed interest in the study process and declared their willingness to cooperate fully. Indeed, in some cases, districts have gone ahead and pursued conventional reorganization solutions based on their perception that the State has become more serious about making progress here and that the time is right to put the question before voters.

In other cases, the reaction was negative in public and positive in private. Officials in these districts were privately grateful for an external pressure to open (and in many of these cases re-open) the issue, but felt the need to express concern publicly. Finally, there were those who were outraged at being placed publicly on a list. The outrage extended to the manner in which the list was released. Officials complained about being called by reporters before they had been officially notified. Some expressed concern over the abruptness of the announcement and the lack of an opportunity to respond prior to the public release of their district's name.

The Department plans to examine more systematically these local reactions. Our trial hypothesis is that the negative reaction is most likely to occur in places that have had contentious negative prior experiences with reorganization, where the incumbent administrator has been in place for a relatively long period of time, and where there are serious weaknesses in the educational program. It may also be the case that districts that were among the first to be subsequently removed from the list reacted negatively. These districts would constitute false-positive cases and local officials may have resented what they saw as the undeserved negative publicity that surrounded their placement on the list.

There is a parallel class of false-negative cases. These are the districts that actually warrant placement on the list but who were missed because of the less than perfect nature of the indicators.

Little was heard from these districts, but we suspect there were instances where local officials breathed sighs of relief following the publication of the official list. Suffice it to say that no districts sought to have their names added to the list.

Next Steps

The Department is currently completing the Phase I studies and designing Phase II. As Phase I comes to a conclusion, choices will be made about the most promising sites for Phase II analyses. The plan is to conduct a relatively small number of demonstration Phase II studies in a subset of the districts that remain on the list following completion of the Phase I analyses. It will be important for these sites to be broadly representative of different types of problems organizational problems; it will also be important for these studies to reveal insights into how changes in organizational structure can improve educational productivity. A reasonable criterion for selecting sites for Phase II may be a positive perception of the potential for a fruitful collaboration that will lead to improved levels of productivity. It is hard to overemphasize the importance of realizing success on a modest scale at the outset of this kind of reform effort (Weick, 1984).

At least 2 lessons have been learned about the further design of Phase II: First, there remains a considerable amount of distrust at the local level. The study process still seems to be perceived as being "top-down." One possible solution to this may involve placing more responsibility for the Phase II studies at a more neutral point within the State. A university could play a key role here, and this possibility is being explored.

Second, there is concern about the availability of the requisite level and type of consulting talent presupposed by the Phase II studies. The university base envisioned above could also assist with the training and oversight of the consultants who would be working with districts during their Phase II analyses.

It is clear that some districts resented their placement on the list. Many perceived placement as stigmatizing and reacted accordingly. These negative reactions may be related to prior experiences with lists in New York. For example, previous lists have been used to identify underperforming schools within the State.

This kind of negativity, of course, does not bode well for a truly collaborative study process. Our hope is that these districts will discover that the process is more open and fluid than ever before and that genuine cooperation will lead to improved levels of productivity. In hindsight, the method used to release the list could be improved upon. Perhaps districts could be given a chance to respond before their identity is listed publicly.

It is of course too early to assess the effects of this new approach to improving educational productivity through the reform of school district organizational structure. And we must be careful not to confuse the effects of mistakes that might be made during implementation with more fundamental flaws in the collaborative study design. But, we remain hopeful about the prospects for success, and we offer the headway being made in New York as an example of a new and promising means of making real progress in this difficult area of public policy.

V. Acknowledgements

We wish to thank the editors for their helpful comments on an earlier draft of this chapter. We also wish to thank Richard Ahola, Brian Brent, Deborah Cunningham, Emil Haller, Michael Joseph, Harvey Kaufman, Jennifer King, Robert Lutringer, Christopher Roellke, Suzanne Spear, Ronald Streeter, and Will Van Horne for their insights into the organizational change process. The views we express and whatever deficiencies remain are our own responsibility. This chapter does not represent the official position of the New York State Department of Education.

VI. Notes

1. See Lawton (1994) for an account of a small Oregon school district that is facing reorganization pressure not because of a State reorganization policy, but rather because of a state-wide property tax limitation initiative.

2. What follows is an adaptation of a proposal for an indicator based accountability system that was published previously (Monk and Roellke, in press). The adaptation provided here is tied specifically to school district organizational structure, although we continue to believe that the approach can be applied quite generally.

3. The degree of emphasis on one result relative to another (mix) is conceptually distinct from the level at which the package of results is set.

4. Notice the difference between what we are advocating here and the approach being pursued in North Dakota. The North Dakota statute insisted that the participating districts consider conventional reorganization. Here, the parties are under no obligation to choose this option, although each is free to do so.

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